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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

(FOUO 5/82)



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CZECHOSLOVAKIA

GREATER ROLE URGED FOR ECONOMIC RESEARCH

Prague POLITICKA EKONOMIE in Czech No 1, 1982 pp 1-10

[Interview with Vaclav Kves, chairman of the CSAV [Czechoslovak Academy of Sciences] scientific college of economy, CSAV corresponding member, rector of the CPCZ Central Committee Political College: "Directions of Economic Research after the 16th CPCZ Congress"; name of interviewer and date and place of interview not given]

[Text] The entry into a new year is usually connected with a brief look back at the year just passed in order to vividly recall the key events of permanent value which affect further development. Such events of fundamental importance in the year which we have just concluded and for the year which just started were the 16th CPCZ Congress and 26th CPSU Congress. Among other things they formulated important social goals for basic economic research and, at the same time, confirmed the correctness of its orientation to the economic problems of developed socialism under the conditions of a scientific-technological revolution. In this context, the editorial board of our periodical turned to the most competent person, CSAV correspondent member Vaclav Kves with the request to answer several questions.

[Question] Can you evaluate the importance of both congresses for the further development of economic research?

[Answer] The development of social sciences in our country, including economic theory, can draw on the ideologically reliable source of intellectual wealth produced by the first socialist state in the world and reinforced the tenor and initiative of the 26th CPSU Congress. The inevitability of the development of the socialist society--and within it the socialist economy--reasserts itself and must be recognized through study as developmental tendencies. It is the more clearly reflected in a "purer form," the more developed the socialist production relations are. In this respect, this development has reached the highest stage in the Soviet Union, laying the foundations of a communist society. For this reason, the applications and initiatives of the 26th CPSU Congress are also of fundamental importance for the development of awareness in our country. Not because every point could or even should be mechanistically applied to our conditions, but because the Soviet experience

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provides a model economic guidance for all other socialist countries. Czechoslovak sciences must, therefore, assume a more responsible and more consistent attitude toward the adoption and application of Soviet scientific achievements to Czechoslovak practice.

The initiative and lessons drawn from every CPSU congress, including the 26th, for Czechoslovak economic research cannot be limited to quotations from individual congress documents, their dissection and recombination and so on, because such an approach obscures the paramount ideas constituting the essence of congress resolutions. After all, everybody who carefully followed the preparation for the 26th CPSU Congress will confirm that it was preceded by substantive discussions by Soviet economists, including scientific studies. We have here an immensely rich intellectual wealth of new theoretical and practical findings. I intentionally emphasize the newness of these findings. Among other things, the 26th CPSU Congress reaffirmed that Marxism-Leninism was a living doctrine of constant creative development, enriching itself with new findings, cleansing itself by purging outlived ideas and emphasizing the new. Naturally, it also elaborates and adds to former conclusions on the development of socialist society.

As the congress agreed, there are so many new findings and conclusions that the time has come to develop a new CPSU program. It can already be expected that its approval by the 27th CPSU Congress will again enrich the economic sciences with a mighty stream of initiatives for further theoretical thought. Nevertheless, it is desirable that even now we make the greatest possible contribution to the development of economic theory and thus to the development of socialist society. After all, the CPSU congresses make known not only Soviet experiences, but also the experiences of other countries of the world socialist system. That is why its conclusions are not only of international significance, but some of them also have an international priority.

Most of the creative employees in research and development areas proceed from the premise that the conceptual ideas on building developed socialism, as they are reflected in the resolutions of the 26th CPSU Congress, are of fundamental importance for the further development of the socialist political economy and of the socialist economic thought in general. According to this concept, socialism will further develop within the historically rather long period of its maturity. This development existed in the past in relative harmony with the requirements of objectively operating economic laws and conditions whose effects transcend the social sphere. To what extent will this development be in conformity with them or have shortcomings and even mistakes and errors depends on the subjective actions of the people. The point is not that more attention should be paid to some of these objective laws and predeterminants than to others (sometimes the term "to suppress" is used in this connection which is illogical because objective and natural laws operate independently of our will). The point is that we must create conditions under which objective and natural laws can operate comprehensively as one. For this reason, the profound knowledge of objective and natural laws creates optimal conditions for a comprehensive compliance with their requirements and a consistent development of the national economy.

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This is a fundamentally new feature which reflects new historical conditions of the new developmental phase of developed socialism. It is marked by a qualitative distinction and precision in comparison with previous developmental phases of the communist socioeconomic formation. This new quality makes it not only possible, but also requires a large-scale compliance with plan even in the early stages of communism resulting from objective economic laws in the management of the development of socialist economy. The high degree of systematic plan compliance and high quality of management will result in very effective control of the "means of production" by society as the owner. This will increase the rate of actual socialization of production. This will further increase the implementation of the law of economy-of-time, i.e. social labor productivity will substantially increase. And according to the 25th CPSU, the way and guarantee of achieving this goal lies in the combination of results of the revolution in research and development with the advantages of socialism. Along this line, capitalism will be vanquished by the higher productivity of social labor representing, in accordance with L.I. Lenin's scientific predictions, the final victory of socialism over capitalism.

[Question] Does the congress also represent a methodological contribution to economic science and research?

[Answer] The 26th CPSU Congress urged economists to increase their share in the solution of socioeconomic and sociopolitical problems of the present and future. At the same time and above all, it formulated qualitatively new approaches for the economists for the solution of old and new economic problems in contrast to the past "traditional" approaches motivated by the necessity of the permanent and merciless struggle against capitalist elements and their vestiges within the socialist society.

The class nature of new approaches is based on the recognition of the operation of objective economic laws under the given historical conditions. Only by their application will it be possible to settle the question of who will defeat whom on the world scale and achieve the great social goal within each socialist state. This can be concluded from L.I. Brezhnev's statement at the 26th CPSU Congress: "Management of the national economy is the core of all party and state activity. It is precisely in the economy that the foundations are laid for the achievement of social goals, for the strengthening of the country's defenses and for an active foreign policy. That will create the indispensable prerequisites for the successful advancement of Soviet society toward communism."

I think that the use of new approaches is the most important, but also the most complex and difficult task facing the Czechoslovak economic thought and practice. So far, the contribution of the Czechoslovak economic thought to the new intellectual currents cannot be regarded as satisfactory. All the greater will be its responsibility for the solution of both pressing and future problems.

Although the change in the substance and goals of economic development from extensive to intensive, from quantity to quality, from ad hoc structural changes to continuity and balanced development constitutes an ideological link

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between the last CPSU and CPCZ congresses, it was particularly the 26th CPSU Congress which put emphasis on it. By substantiating and validating the correctness of the inspiration and contribution of the Soviet economic theory during the last 10-15 years as well as by outlining the principal subject and the goals of the developed socialist society, the Congress transformed the previous sources of inspiration into clearly formulated conditions and commitments for creative economic thought. This means that in accordance with the ideology we must reconsider the concept of developed socialism and current historical conditions--a number of issues and problems seemingly settled in the past. I will demonstrate by at least two examples that this requirement is justified:

A. During the period of building the socialist raw-material capital-asset base of socialism, during the rapid growth far-reaching structural changes, the requirements held a permanent, theoretically and practically justified priority over resources. To continue these imprudent policies under developed socialism, in contrast, is totally unacceptable. Needs or better, balances, are not concerned only with satisfying the production and investment needs of the economy, but the satisfaction of needs in general, that is, including the consumer needs of citizens in a socialist state. Under the conditions of developed socialism these needs cannot be judged from the social standpoint alone. Today, when the key goals of social nature have been essentially achieved, it is no longer the satisfaction of some basic needs that matters. The emphasis now is on the economic-political aspect of the problem, that is on worker gratification not only in terms of the size of nominal wages or nominal incomes (particularly in comparison with other members of the society), but also--increasingly and more urgently--on satisfaction of their needs as to equal opportunities for spending their earned incomes. This must be the basis and the beginning, if the motivation is to work in full harmony with the wage incentives to contribute to the permanent increase in labor productivity and quality.

This is also the condition for achieving a higher state of democratic centralism as the method providing for active participation and worker initiative in the production management, distribution, compensation and consumption. The main feature of this participation is and must increasingly become permanent and effective control by all people over the balance between the rate of work or final work results and consumption rate by the work collectives and individuals.

V.I. Lenin emphasized that a people's control constituted an integral part of socialist competition. It bolsters the element of competitiveness and at the same time marks socialist competition as an independent, specific and, from the standpoint of production increase, the most important area of the creative initiative of the masses. The significance of balance between the amount of labor expended and consumption is so great in developed socialism because it creates feedbacks in the society, feedbacks without which, as past experience has demonstrated, the law of compensation according to work performed could not be effectively used for promoting production efficiency and quality.

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This law could not be fully applied in the early stages of development of the socialist society primarily because priority had to be assigned to numerous noneconomic tasks of the new system despite considerable scarcity of material resources. This was one of the major reasons why the achievement of structural balance of the market of consumer goods and means of production could not be regarded as the foremost task--despite the direct linkage between this balance and efficiency.

B. The increase in the economic efficiency of production is the condition and also the result of intensification of the reproduction process. During the predominantly extensive type of development--which was an inevitable, but only temporary, phase of the socialist economy--the center assigned and controlled the tasks related to the full utilization of resources inefficiently used under capitalism and to the needed restructuring of the production basis. In the area of management, methods imposing strictest discipline for the fulfillment of assigned tasks had to be employed. In the predominantly intensive development of the socialist economy, the emphasis is on those management methods which continually motivate the managed units to change and innovation. The difference cannot, of course, be interpreted to mean that the social role of work and other discipline loses its importance under the conditions of developed socialism. On the contrary, its importance increases! Discipline must increasingly become an organic part of the creative attitude toward work and a manifestation of social commitment--an active part of production management, and by its very essence increasingly less the result of noneconomic necessity.

It is beyond the scope of this interview to deal with broader theoretical differences in the approaches to the solution of the balance and efficiency problems of the socialist economy, wage incentives and moral suasion, work and other discipline and initiative, and socialist competition and other problems related to the concept of building a developed socialist society. All that was done in the preparation of the 26th CPSU Congress and everything that has been written down, that is, its intellectual background, as well as the approaches to the implementation of its resolutions, is an inexhaustible source of theory, methodology and range of practices. Their common denominator is the stated concept of cohesion, comprehensiveness and systematization of the effects of socialist economic laws and conditions. The basic economic law, the system of planning and balances, the law of economy-of-time, the law of values, the law of compensation according to the amount and quality of work and other laws operate, of course, as an internal contradiction joined by the dialectically contradictory unity. Like all other contradictions under socialism, however, they are not of antagonistic nature. Their mutual effect is not a cancellation, but is interdependence and complementation. The contradictions must be resolved--on the basis of their increasingly profound content--by their increasingly broader, more effective and more comprehensive use. It can be accomplished by a systematic improvement and development of the economic mechanisms.

The mandatory nature and importance of using every one of the objective laws constituting a unified system have been confirmed by practice. If optimum conditions for an operation of one of them cannot be created, noise is created and the requirements of other laws and conditions cannot be met. The inadequate application of the law of proportion and of the law of value, for

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example, undermines the effect of the law of compensation according to the amount and quality of work and worker initiative, and similar breakdown also occurs in the operation of the law of economy of time and basic economic laws of socialism.

I would also like to emphasize that the generalizations at which the Soviet economic theory has arrived and which to a considerable degree contributed to the formulation of conclusions and recommendations of the 26th CPSU Congress are of such great importance to us not only and not in the first place because they can be simply received and used as the formulations of generally valid laws, but primarily because the recognition of laws, and the laws themselves, are the more meaningful, the more mature is the reality. Only in developed socialism, are the economic laws and conditions reflected as distinct developmental tendencies which can be reliably recognized as such by the methods of scientific abstraction. On the basis of this knowledge, can the goals of future development then be formulated and changes modeled which will lead to the best possible attainment of these goals under the specific Czechoslovak conditions, that is, at the lowest possible cost of social labor.

If I spoke earlier about the adoption of new approaches of the Soviet economic thought as our foremost task, now I would like to elaborate on this concept. Adoption means a creative application to our conditions by planning and modeling of changes in economic relations subordinated to the multiform goal of developed socialism. And if I spoke of the responsibility of our science in the application of general outcome to our conditions, I had in mind primarily the necessity of averting the tempting danger of an effort to transfer mechanistically the solution to various practical problems by making the so-called use of experience without the profound knowledge of the different conditions in which these experiences originated and in which they are to be used. A responsible, indeed scientific application of theoretical generalizations and conclusions must not ignore the fact that under different conditions identical goals are usually attained with different and sometimes even opposite methods.

[Question] Can you compare your thoughts with the conclusions of the 16th CPCZ Congress and also with the present goals of economic studies?

[Answer] The resolutions and conclusions of the 16th CPCZ Congress on economic questions were based on the critical and thorough evaluation of the functioning of the economic mechanisms. It was stated that in the past our economy was not prepared to cope with the problems of the objective external and internal developments with which it was confronted. The necessary transition to intensive development was not achieved; specifically, the application of research and development lagged behind needs and the potential. Science and technology did not become a source of substantial increase in efficiency which did have and still has unfavorable effects on the increasingly complex foreign economic relations.

It is, therefore, imperative to achieve a positive turn in economic development in the shortest time possible. This change should have all the features of intensive development, such as integration of science and production, and

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changes in the orientation of the economy from quantitative to qualitative aspects. This again involves the already mentioned change in approaches to the solution of all economic issues and problems, in the decisionmaking processes at all levels of management.

The development of an objective reality calls for a fundamental change in the thinking of economic and other personnel which, in turn, will be positively reflected in this development. Without such a change, the great goals established by the party as the guiding force of the society, among which the foremost is the retention and the increase of the high living standard of our people, could not be achieved. An important step which is to lead to this change in thinking is the "Set of Measures." Its merit lies primarily in the fact that it shows the way to overcoming malpractices such as anonymity in decisionmaking and avoidance of responsibility, particularism of individual ministries, compensation (distribution) not according to work, protectionism over inefficient production methods, speculation and distortion and other generally known and long criticized problems.

While we speak of the "Set," we must not forget the warning expressed while still in preparation stage for its implementation at the beginning of last year: the "Set" is not and cannot be regarded as a panacea for the solution of all existing problems and its gradual implementation cannot bring about a revolutionary change in management. After all, the economy cannot be undergoing any revolutionary changes. The "Set" must be accepted as the beginning of an unfailing effort to implement a number of measures aimed at a gradual qualitative change. Economic theory must not lag behind in this effort. It must continue to contribute to its implementation by coping with cardinal problems such as: the long-term nature and goal-orientation of development plans of the national economy (that is, enforcement of principles of planning and purposefulness in management so that the plans will not be, as they are today, a sort of extrapolation of socioeconomic development); a scientifically justified uniform standards necessary for developing a quality plan as a basis for a balanced development of the national economy (the problem of the plan stabilization; standards cannot be regarded as indicators derived from the plan and so on); problems arising from the labor theory of value operating under the conditions of planned management of development of socialist economy, specifically, from the relation between the plan and the labor theory of value in the application of complete khozraschet [cost accounting system] or in determination of (domestic, as well as export-import) wholesale prices; the problem of effective organization of the production basis and the levels of management based on it (not from the standpoint of legal aspects, but as the necessity of satisfying social needs by higher economic efficiency of the increasingly socialized reproduction process); problems of wage incentives (based not only on the quantity and quality of work but, particularly, in relation to the technical standard of production and so on).

The "Set" is particularly valuable because it represents a relatively comprehensive road and a desirable trend toward improvement of the entire management system. If even the first step in this direction gives rise to conflicts between the new and old, they must be regarded as foreshadowing even greater discords in the future. In this sense, the system of planned management must

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remain open to suggestions on solutions of increasingly complex problems. And just as the "Set" cannot be regarded as a one-time measure, the planned related measures will come to reflect the endless process of gradual qualitative improvements of management. The very term management system, rules out the rigidity of methods, means as well as of the tools of management.

It is no secret, that by far not all practical economists were overwhelmed by the newness and significance of the contribution by the academia's to the preparation of the "Set." It is not yet appropriate to detail in this context all disagreements and conflicts between "theory" and "practice." There is no doubt that disagreement between the theoreticians and practitioners will continue in the future because they are the inevitable epiphenomenon in the carrying out of fundamental, frequently revolutionary changes. And we can expect them in the area of management because, as stated earlier, the changes in the system of planned management are objectively dependent on the needs of developed socialism.

During the first phase of changes in the management system, it was enough to clarify the new approaches on a rather general plane of overall trend, emphasis on the planning principles, increased role of market relations, increased interest of the khzoraschet sphere in innovations, introduction of goal-oriented programmatic planning and so on. This generalization will not suffice in future phases because the practical measures will be progressively less of a compromise between the old and new. At the present time, for example, it suffices to adjust the volume indicators by qualitative ones. It appears likely that they will have to be replaced altogether in the future.

It will be necessary to develop theoretically all possible consequences of the full implementation of this newly created management trends. And this requires ideological crystallization.

The Soviet conception of developed socialism, to which I have already referred, provides this. Its development must take into account specific features of our economy, particularly the lower stage of development of socialist production relations, greater openness of the economy resulting from its size and sectoral structure and from natural and historical peculiarities. The further development of the theoretical premises and approaches to further development of our economic mechanism cannot proceed without the ideologically unifying role of this [Soviet] concept. No other theoretical basis of further development of the socialist economy exists.

When it adopted the resolution on the "Set," the CSSR Government was fully aware of these circumstances as well as of the necessity of greater future involvement of the economic theory in improving the planned management system of the national economy. Therefore, it directed economic research not only to increase its activity in this area which has been neglected in the past, but also formulated ideological guidelines (for stimulation of research and development, participation in the international division of labor, more effective utilization of resources and an increased role for customers and consumers in the economy) which fully support this concept. It further instructed economic research [departments] to develop its own system development alternative in the form of a long-range conceptual study. I said on another occasion

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that this was a big chance for research. Here I just would like to add that for a dignified fulfillment of this social need our economic theory must be in step with the resolutions and tasks set by the 16th CPCZ Congress, characterizing specific tasks and features of our national economy, and with the political-economic concept formulated by the 26th CPSU Congress, including its broad intellectual background. Otherwise it will not be able to hold its ground.

[Question] CSSR Government Resolution No 42 of 1980 assigns specific tasks only to the Council of Economic Research and individual ministers directing economic research institutes, in other words to applied research. In this context what is your opinion on the role of basic research and particularly on the still unsettled issue of research-development-implementation cycle?

[Answer] I think that it is not only correct, but also the only way to assign tasks of this nature to applied research. The fundamental, that is primarily scientific and a priori type research performs an important and irreplaceable function in the so-called "scientific wellhead." For this reason, we cannot be asked to accomplish tasks which could be immediately implemented. To avoid misunderstandings, however, we have to clarify this problem. Let us start with applied research. I feel that every qualified person in applied research must provide for his own basic research for his project. This does not mean that he must undertake the scientific research personally. He must, however, become acquainted with the basic, general theoretical findings in his field of activity. He must evaluate the views and approaches to the solution of fundamental a priori problems, use it as the theoretical basis and apply it to the area of economic policy or activity. To develop, within the framework of applied research so conceived, a concept of developed socialism means, primarily, to develop a thorough understanding and mastery of each research of the projects the uniform interaction of all economic thought and conditions of the developed socialism, and to express it as completely as possible in the research project solutions. Generally, they would take on the form of changes to be carried out in order to achieve the changes in quality and the end function in a given area of economic relations, representing a transition from the lower to the higher phase of development of the socialist economy. Another integral part of applied research outputs should be the clarification of systems conditions and their consequences for development of the economic mechanism as well as for the real economic development of advanced socialism as a whole, and with it the corresponding subsystems.

Only, under these conditions can applied research with its intellectual stimuli, transmitted along the trend line toward basic research, participate in the formulation of the general concept of economic development of advanced socialism. An integral part and prerequisite for this involvement is the critical examination, correction and further improvement of outputs of higher research spheres. If applied research is to behave in this way, it must have something to examine, correct and investigate. This means that scientific research must constantly bring up new initiatives and ideas as verified or unverified hypotheses about the effect and potential utilization of economic thought and conditions governed by them.

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All this, however, does not depend on researchers alone. Of considerable importance to discharging their function is the understanding and attitude of ministry officials in charge of advancing scientific research. It should never happen that researchers, instead of their specific expertise, would perform work or services of an office clerk, such as compilation of data for the preparation of reports or statements. In other words, they should not become involved in the work of skilled workers, technicians or administrative personnel whose number are excessive anyway.

On the other hand, challenging conditions desirable in every way should be created for scientific researchers.

Marxism-Leninism teaches us that the world is knowable but infinite at the same time. It also requires that the knowledge of objective laws and conditions of the world development, that is, the subjective activity of people must increase and become broader and more general because only in this way--although our knowledge will never be complete or final--can conditions be created for an objectively conditioned development of the socialist society or of the world relatively without disturbing phenomena, that is, without unrestrained manifestations of the objective laws and conditions.

The difference between the effect of economic laws and conditions and their utilization becomes more pronounced in developed socialism. It becomes evident, and it is confirmed by practice, that the objective laws and conditions act as developmental trends and are recognized and utilized as such. Thus, intervention by society and its authorities in the society's economic life, in instances when economic theory could not be "tamed," produce unexpected and socially irrational consequences (the theory is in conflict). This only confirms that the degree of socially desirable effects of the economic theory depends primarily on the depth of knowledge and a consistent use of the cumulative effects and interaction.

Awareness of laws and conditions as developmental trends places a particularly important role and significance to basic research because, as the basic intellectual current in science, it underlines the "downward direction"--from the general to the particular. This reality has an important gnoseological aspect.

The acme of economic science is represented by the most progressive thought superceding habitual and lingering views and ossification and dogmas which hinder the more rapid advancement of social revolutionary practice. This top level thought is, quite logically, a high abstraction and deals usually with the most general issues and conditions of the development of socialist production relations. The changes in the approaches to these general issues condition the thought development at the lower levels of scientific thinking where they are applied to the various specific areas of economic life and economic policy, and are thus indirectly transmitted to economic practice.

All social progress is gained by the successful settlement of contradictions. The same thing happens in economic thought. Every change encounters resistance, opposition, frequently based on lack of understanding, sterility, and stereotyped thought; sometimes also on realism, in the knowledge of deeper

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and broader contexts. This opposition performs an objectively negative reactionary role in some instances, and a socially positive function at other times, when it comes to differentiation of realistic ideas from utopia of every kind. The dissemination of every new scientific idea along either the horizontal or vertical line of scientific thought is from the general to the particular and is, in fact, the verification of its real nature and progressiveness. Every such idea is necessarily accepted with reservation in the light of the recipient's own knowledge and experience. This way to learning and its critical acceptance is very demanding and responsible. The more revolutionary [the idea] and thus the more of the vestiges "reinforced" by the past but no longer valid experiences have to be overcome, that much more time and effort as well as steadfast determination is required on the part of the idea originators.

In short, general theoretical findings, tested, developed and concretized by applied research are not turned over to real life implementation in form of directives. The agencies and personnel who use them must be convinced that they are correct.

The act of persuasion itself requires expertise. It is an art of proving, arguing logically and, on this basis, winning over economists and other personnel. Persuasion is not easy for many other reasons. The greater innovation research introduces, the more difficult it usually is. The researcher who comes up with something really new, frequently encounters negative, impolite, and frequently, emotional reactions, criticism not based on historical experience, the silent treatment and so on. Sometimes those, for whom the research results are addressed to, appear indifferent because the acceptance of the research may mean changes in work methods, in work approach, a necessity to change old habits and routine as well as an amount of uncertainty as to the outcome of the implementation of research findings, and so on.

If we sometimes hear complaints about lack of basic disputes between the theoreticians and practitioners during adversarial scientific conferences and similar occasions, we must look for reasons not only in the incompetence of some research projects, when there simply is nothing to discuss; and not in the forbearance of potential critics caused by coyness or personal or other considerations. The reason is sometimes due to fear that principled discussions will reveal the weaknesses of the extant practice and bring up the question of responsibility or that it will uncover loopholes in the arguments on which the practices are based. I can show this from my own experience as chairman of the 907 SPEV program council, in the area of external economic relation problems. The important results of a recent research, highly rated by experts both here and abroad, representing, in the final analysis, considerable interference in the current practice, were received in an "analytical discussions" as if such problems or new research findings were nonexistent.

Based on such views, we must approach the frequently discussed question of whether or not research should advise the implementing economic agencies. It is difficult to find an unequivocal answer to this question. The issue should rather be what advice should the agencies ask of research. The research should make recommendations and advise only in questions in which it is competent. Its outputs should be requested in advance by the implementing

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agencies as recommendations which do not fall in the category of proposals for tactical, operational decisionmaking. Other recommendations by research, particularly various clear-cut and, therefore, "reliable" precepts for decisionmaking processes are, in my opinion, of very problematic value to society, although--as the recent discussion in HOSPODARSKE NOVINY demonstrated--those who use it in practice sometimes ask for them and the researchers are occasionally glad to offer it to them. I want to make this point absolutely clear: system incompatible, incomprehensive, theoretically and conceptually groundless and conflictless proposals are worthless in social practice. At the present time, and also in the immediate and a more distinct future, when qualitative changes in the economic system will take place, proposals based on mere generalizations of past experiences are inappropriate and, in fact, harmful for practical applications. On the other hand, very necessary and increasingly more valuable are the proposals of theoretical concepts which correctly reflect the historical conditions of the new phase of intensive development of the socialist economy.

Placing emphasis on the basic route to knowledge of economic conditions "from the top downward," which is typical of the period of developed socialism, does not mean in the least that we should underestimate the analytical functions of science. On the contrary. Only a science armed with a theoretical concept possesses the prerequisites for uncovering contradictions in economic development--a concept based on the analysis of negative phenomena and aspects, or resulting in the positive, predominantly systems, proposals for changes in given conditions. Of much less value is "analysis for analysis' sake" or, better stated, an impartial and uncommitted description of the given situation which does not reflect clear theoretical-conceptual approaches.

Its special offshoot, in my opinion, is the analysis of so-called factual problems of economic development which leads to even deeper, economically (that is, by the development and improvement of socialist production relations) unfounded proposals for changes in material ratios, sectoral structure and so on. During the restructuring of the capitalist to the socialist economy, such research findings were logical--they increased the number of alternatives for the best possible decisionmaking. Now, that a capital asset base of socialism corresponding to its needs has been built, however, the proposals for macrostructural changes are justified only in those instances when they bring about high level innovations or significant changes in securing natural resources. All others, insofar as they are not a form of self-criticism of certain central agencies and their employees of an earlier decision, they should be the outcome of the effect of the economic mechanism on the lower levels of decisionmaking.

Those research findings which had to pass a struggle for real life recognition and whose unprejudiced correctness, topicality and feasibility were accepted by the public to such extent that they become a generalized economic thought. They usually enter the public domain as the determinants of economic decision-making processes.

The higher the phase of development the socialist society attains, the greater the causative effect of economic decisions by the known objective conditions

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and categories, and higher is the ratio of such [causative] decisions in the economy. Such decisions are essentially invariable, thus they represent optimal solutions. Of all the greater significance, of course, are the alternate methods for justifying the adopted solutions.

In this respect, economic theory has not yet resolved two key practical problems.

The first one is the theoretical elaboration of criteria of economic efficiency for selection of optimum alternatives at different levels of management which will objectively reflect the economic interests of the given level of management (and, therefore, will be consistently implemented). At the same time, these interests should correspond to the real needs and interests of society as the owner of the means of production. The second task is to develop and implement socialist economic categories to such a degree of science that the society could use them on an ever-increasing scale as objective tools of planned central management of development of the national economy. This will make it possible to gradually free central management from using various indicators strongly effected by subjectivism (in determination of their levels, simplicity, in its effect on the managed organizations and so on) making possible their circumvention or ignoring their mandatory nature with all the negative implications for society. This will also increase the scope, as well as the rate, of optimal decisions.

Naturally, economic problems will exist even in developed socialism, their solution--due to lack of the relevant information determining optimal decisions--will require substitute alternatives. Making a selection from these will be possible only on the basis of more or less qualified estimates, intuition and so on. It is obvious that in such instances, the decisionmaking of the economic agencies cannot be completely objective. In this sense, it will be "imperfect," and will leave room for subjectivity. The practical decision-making in these cases will be a creative activity making use of management's practical experience, knowledge of broader contexts, developmental tendencies and so on. Economic theory cannot provide help in this type of decisionmaking. It can only inspire, supplement management information availability or define the scope of correctness, that is, the desirable effects of the adopted resolution.

It is a big advantage of economic research that it is not linked to the decisionmaking jurisdiction. Otherwise it could not give free rein to imagination and search in unexplored areas. If by its concepts and suggestions it hits the nail on the head, if it locates and reveals the painful spots of real life, it can provoke those very desirable relevant arguments which our society, like Soviet society, will only welcome.

Society thus demands that economic research perform on a large scale its specific, relatively independent and its irreplaceable perception function. This means, in the first place, that it should completely free itself of "innovation posturing," so typical of a considerable part of the research and development base, and concentrate on the solution of the critical economic problems from principled theoretical or strategic positions.

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[Question] In conclusion, let me ask you a brief question without which the topic of the interview would not be fully covered. What specific lessons of the 16th CPCZ Congress do you regard as particularly important for better management of the research base, if it is to perform the demanding tasks which you have discussed?

[Answer] First of all, it is necessary to review the specification of goals assigned to economic research by the congress: "...to put emphasis on better knowledge of objective socioeconomic laws on the basis of creative Marxist-Leninist approaches..." "...The improvement of management will be also in the future a continuous creative process to which the economic research is to contribute."

These two tasks constitute a singularity. The contribution of economic research to the improvement of management as its principal contribution during this 5-year plan must be based on better perception and knowledge of objective economic laws and conditions than in the past. As to the creative Marxist-Leninist approaches, I want to emphasize again that, in my opinion, no other Marxist theoretical concept of further development of the socialist economy exists but the above concept of developed socialism and that its creative content is far from having been utilized or developed. It requires a profound change in economic thought in comparison with both the past and the present.

For this reason, "...it cannot do without creative discussions, critical climate, without a bold search and particularly without a principled party approach." Yet, promotion of creative discussions and a critical climate in economic science is not an easy task. Such discussions actually do not exist today. Just think of how many people complained about lack of principled clashes of views recently! This lack was always merely stated, yet it never led to meaningful arguments. Our economists either do not know how to or do not want to engage in discussions. If occasionally criticism is expressed, everybody is more interested in knowing who was criticized and how he was labeled rather than what view was refuted.

The effort to provoke discussions and arguments for the purpose of a bold search in which there is only one authority--the objective truth--should, in my opinion, constitute if not the principal, then definitely one of the principal directions of improving research management. The work results of team, department and institute leaders should be judged according to their success in stimulating a creative critical climate. Thus, if the researchers learn to hold discussions, to counter one argument with another, they will transcend their own shadow. Here is the biggest reserve of scientific labors revealing both everyone's real capabilities and the possibilities of their utilization.

The congress documents also lay down very clear and unequivocal guidelines for management methods: to eliminate egalitarianism in remuneration; to reward good results and particularly initiative and willingness to take personal risks which increases in research in direct proportion to how far ahead of time is the contribution. We must not tolerate that people who want to solve problems encounter lack of understanding and bureaucratic indifference. He who is familiar with the present situation in research and in its relations

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to the environment, will appreciate the importance, but also the difficulty, of these principles as well as of the merits of translating them into reality. The fact is that their full application depends not only upon the directors of research, but also on the conditions which the regulations create. I assume, in this context, that the congress resolutions also apply equally to the institutions which issue these regulations.

In the complex conditions in which our economy is developing and will continue to develop in the future, it is definitely worthwhile to bring together all forces for the maximum utilization of the intellectual reserves so that not a single socially beneficial suggestion be wasted.

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CZECHOSLOVAKIA

METALLURGY, HEAVY ENGINEERING TASKS FOR 1981-1985 DISCUSSED

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[Article by Eng Antonin Radvanovsky, Federal Ministry of Metallurgy and Heavy Engineering, Prague: "Main Tasks of the Ministry of Metallurgy and Heavy Engineering in the Seventh Five-Year Plan"]

[Text] The tasks of all enterprises and organizations in the Czechoslovak national economy during the Seventh Five-Year Plan stem from the document "Main Directions of Economic and Social Development of Czechoslovakia in 1981-1985," which was adopted at the 16th congress of the CPCZ.

This document lays down the state economic policy for 1981-1985 as follows:

"The general line of building a developed socialist society is the basis of the further economic and social program of the CPCZ for the Seventh Five-Year Plan period."

"The central objective of party policy is, in spite of considerably more difficult external and internal conditions, to maintain and improve the high standard of living that has been achieved by the populace and its social security, and to do so in keeping with the results that will be achieved in the development of the national economy. Fulfilling the provisions of the Seventh Five-Year Plan in such a situation requires a consistent effort to greatly increase the intensiveness of the economy, an increase in the efficiency and quality of all work, effective structural changes, primarily through acceleration and maximum utilization of scientific and technical progress developments, a deepening of Czechoslovakia's participation in international socialist division of labor, particularly with the Soviet Union, and improvement of planned management with increased participation by the workers."

Our economy has gradually used up the initially large, but increasingly less favorable, resources of an extensive nature, in addition to which there have been considerable sales and price changes on world markets which have produced unfavorable consequences for our economy.

The further development of our national economy through 1985 is thus largely subordinated to the requirement of restoring our external balance by limiting

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imports and increasing exports. We must also plan for a much slower increase in usable national income as opposed to total national income created, i.e. for decreased amounts of investment funds, lack of growth in certain components of consumption for production purposes and the like.

The Ministry of Metallurgy and Heavy Engineering [FMHTS] has a key position in the Seventh Five-Year Plan and in the entire decade of the 1980's as regards resolving this situation. On it depends higher-quality construction, renovation and modernization of the production technology base of our economy, as a precondition for an increase in social labor productivity. The machinery output of this ministry is a progressive element in the development of the social productive forces and a vehicle of technical progress in all other sectors which it supplies with equipment. This function is also magnified by the fact that it has an inescapable role in expanding external economic relations and in creating most of the exchange needed to cover our economy's import requirements.

Accordingly, mechanical and electrical engineering are now considered to be critical sectors. The 16th CPCZ Congress has established the preconditions for increasing the output of these sectors by 33 to 35 percent nationwide.

The tasks regarding increasing output and the improving of its structure within FMHTS are largely determined by the Czechoslovak economy's need to expand, renovate, modernize and reconstruct the production technology base of the industry's customer sectors, particularly the fuel-energy and metallurgical-mechanical industries and the chemical complex, by the concept of integrating the Czechoslovak economy into international division of labor among the socialist countries, and by the concept of improving the foreign exchange position of this country vis-a-vis the nonsocialist countries. In addition, the Czechoslovak heavy machinery industry must systematically structure itself, giving priority to the development of the branches and products in which we have a realistic possibility of equaling the world state of the art, and which will be highly effective in providing the critical funds for both domestic consumption and export. Thus the manufacture of power-production, chemical, foodstuffs, tire-manufacturing and railway transport equipment, and areas associated with these products, take on particular importance in the production structure of our heavy machinery industry.

We need to maintain a rapid pace in overall production volume, achieving a level of about 135 percent of the 1980 figure. The critical part of our production structure is determined by obligatory assignments which stem from long-term trade agreements for exchange of commodities within CEMA, as well as compulsory tasks regarding deliveries for domestic capital construction and the reconstruction and modernization of basic power-production, extraction and metallurgical equipment.

The 16th CPCZ Congress assigned the mechanical and electrical engineering industries the task of increasing total export by 50 to 55 percent during the Seventh Five-Year Plan. At the same time, particular stress within the export selection must be laid on turnkey projects, which are the final product of

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our heavy mechanical engineering industry. FMHTS will account for more than 28 percent of total export to the socialist countries, a larger share than any other sector of the national economy.

The export program of the ministry is extremely broad. It includes not only turnkey projects and individual machines and pieces of equipment for an extremely wide range of industrial uses, but metallurgical production as well.

The enterprises of FMHTS are included in international socialist integration within CEMA in accordance with their production tasks and in keeping with the assignments handed down by the 16th CPCZ Congress. It will continue to be a basic principle that one of the most important factors in developing the Czechoslovak economy is cooperation with the CEMA member states, particularly the Soviet Union. The ties between the Czechoslovak heavy machinery industry and the economy of the Soviet Union during the Seventh Five-Year Plan are based on the fact that about 60 percent of the total planned export of machinery and equipment to socialist countries is earmarked for the Soviet Union. This export includes particularly chemical and petroleum machinery, heavy machinery and transport products, electrical engineering equipment and food processing equipment.

Domestic needs dictate an extraordinary pace of delivery of equipment for modernizing the industrial technological base, particularly equipment for opencut coal extraction, for the construction of electric power facilities, and for blast furnaces, coke plants and rolling mills. Here the primary tasks are delivery of large-capacity machinery and long-distance belt conveyor equipment for the Podkrusnohorsky Brown Coal Basin, and mastery of extraction equipment for surface mining. In addition it will be necessary to assure the operating reliability of all equipment supplied, i.e. maximum possible failure-free operation and sufficient spare parts.

Some 15 billion kWh of the total 1985 electric energy output of 80-83 billion kWh will be produced by nuclear power stations. FMHTS is providing critical cooperation in the commissioning of the two generating units of the nuclear power station at Jaslovske Bohunice and others in Dukovany. In addition it will be necessary to start the construction of new power stations so as to assure a smooth increase in power output after 1985.

Also important are the ministry's deliveries for its own capital construction, particularly for metallurgical production. Investment activity in this area is directed primarily at reconstructing and modernizing metallurgical facilities, particularly blast furnaces and the main metallurgical production units. The main tasks in this area include the construction of batteries of coke ovens, equipment for continuous casting of steel, a medium-light section mill train at Kladno, an oxygen converter steel plant at Trinec, and a 3,500-mm four-high mill at Ostrava.

The metallurgical sector plans to maintain its metal output during the Seventh Five-Year Plan at approximately the 1980 level. Only better utilization of domestic reserves for metal production, particularly scrap metal, will allow some increase in steel output.

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In pig iron production it is planned to further improve processes so as to improve yields and decrease specific fuel consumption. The expansion of steel output will be aimed at expanding modern, more economical processes, e.g. production in oxygen converters, the introduction of continuous casting and out-of-furnace steel refining and the like. In the production of rolled stock it will be necessary to improve the selection by increasing the output of medium and light shapes, shapes for economical construction, annealed plate and dynamo sheet. Increased attention must also be devoted to the effective use of metal charges. In keeping with the construction of continuous casting equipment, the dismantling of obsolete rolling mill trains and the startup of new rolling mill capacities, by 1985 it will be necessary to decrease fuel consumption by 17 kg per ton of rolled material compared with the 1980 figure. To assure economical utilization of metallurgical products in the associated processing industries we must unconditionally assure that dimensions, tolerances and quality are unconditionally adhered to.

Thus FMHTS will lay increased stress on the qualitative aspects of development of metallurgy, to the making of fundamental changes in its structure, and on persistent efforts to maximize the upvaluing of metal and to use scrap metal. We should note that the ministry's main tasks in this regard stem from its function as manager of the State Special Program for Increased Efficiency in Metals Consumption. This program calls for a saving of about 2 million tons of ferrous metal and about 44,000 to 50,000 tons of nonferrous metal during the Seventh Five-Year Plan.

Directly connected with the assignments regarding the saving of metal and energy is the task of technical development. The fact that the main raw materials and fuel and energy reserves will remain essentially at the level of the initial year of the five-year plan and that there will be only limited increases in manpower and investments underlines the necessity for comprehensive improvement of the economic activity involved in technical development. Accordingly innovation work must aim primarily at introducing production programs which will increase the effectiveness of production processes and assure a decrease in metal and energy consumption, thus also increasing the exploitability of products. Therefore scientific and technical development capacities and facilities will be consistently concentrated on the most important assignments, using the potential contained in international cooperation, in systematic purchase of licenses, in extensive cooperation with the scientific research base in the user sectors, and in the academy of sciences and the advanced schools.

The orientation toward quality and efficiency must be implemented by further consistent implementation of the Set of Measures for Improving the System of Planned Management of the National Economy. Improved planning, the incentive system and the comprehensive program for management development are aimed at a rapid increase in social labor productivity, at consistent adherence to plan priorities, and particularly at assuring export, improving the quality and reliability of equipment and products delivered, and systematically increasing the percentage of products with a high technical level.

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